

























## Proposal to change to private PFML

### Current Plan

Under the current situation, the staff are covered by a short-term disability plan provided by Usable. Under this plan, an administrative fee is paid monthly at \$3.30 per employee totaling \$7831 for the 2020 calendar year, and any short-term disability paid to staff who go out on leave is 100% self-funded by AKF, totaling \$25,572 for 2020.

As of January 1<sup>st</sup>, 2021, PFML became effective. With this, staff now have the option to take short-term disability with FMLA or take PFML. The short-term disability is paid at 67% of the employee's regular pay and can be combined with any accrued time that the person has available. PFML is paid by the state at different percentages based on your wages from July 2020 – March 2020 and cannot be combined with any other forms of payment such as short-term disability or accrued time. This process is run similar to unemployment, has delayed process times based on the volume of claims, and if the employee has any elected deductions, those would need to be paid to AKFCS during their leave. The cost for this is a tax of .75% of the payroll for both the employee and employer.

Right now, we are working with staff to come up with the best combination for them to get whole paychecks while they are out on leave. With the work, time this takes, and thought of our staff not having the option to make their pay whole while being at home sick or with a new baby, we decided to explore moving to a private alternative to elevate these issues.

### New Plan

Under the new situation, while it will have several moving parts within Human Resources, it will operate much more like a single leave plan and operate under one policy and procedure. The employee would file a request for leave with Human Resources, and this request would go to Usable for approval.

PFML would be moved to a private option with Usable as of April 1<sup>st</sup>, 2021. The cost would stay at .75% of payroll for the employee and employer, but this payment would now go to Usable instead of the State of Massachusetts.

Short-term disability would still exist, but not as a stand-alone option. It would be an internal self-funded benefit, used when needed to make sure staff don't lose the standard of receiving 67% of their pay while on leave (example below). Moving to this would eliminate the short-term disability administrative fee we currently pay and significantly decrease the self-funded amount paid by AKFCS.

Most importantly, moving to a private option would allow staff to have the ability to make their paychecks whole by using sick, personal, vacation, or sick bank time. Once a leave request has been approved, pay for the PFML portion would be paid to the employee from Usable, and any short-term disability (if needed), and accrued time would be paid directly from AKF. Having this option will also prevent most situations where an employee would need to write a check for their voluntary deductions such as health, dental, and life.

### Employee A

Annual Salary \$100,000

Weekly Pay \$1,923

Weekly PFML Payment paid by Usable \$850

Percentage of weekly pay 44%

Amount to be paid by AKFCS for short term disability \$438

**This brings the employees weekly pay up to the 67% that is covered by short-term disability.**

### Employee B

Annual Salary \$60,000

Weekly Pay \$1,154

Weekly PFML Payment paid by Usable \$792

Percentage of weekly pay 69%

Amount to be paid by AKFCS for short term disability \$0

Any employee who has made \$64,000 or less from July 2020 – March 2020 would have 67% percent or more of their pay covered by the PFML coverage and would not require any extra payment from the internal short-term disability fully funded by AKFCS.

We can opt back into the state option anytime in the future without penalty.